

HOW MORGAN ACHIEVED FINANCIAL DOMINANCE

When First He Became a Corporation Director
He "Seemed to Take Little Interest
in Business."

GOT BETTER OF JAY GOULD

Creation of Steel Corporation, Reorganization of Erie, of
the Southern Railway and of Northern Pacific and
Purchase of T. C. and I. Stock in 1907
His Outstanding Undertakings.

A young man took a seat on the board of directors of a large marine insurance company one day nearly half a century ago. His rich father's influence with the company's president had won him the place. For a year the beginner in finance faithfully attended the directors' meetings, but never so much as opened his mouth except to vote. Then he was dropped. The insurance president told the father that nothing could be done with the boy, who seemed to take so little interest in the business. While his father's friend was thus pronouncing the doom of his career the son was already quietly laying the foundations for his first railroad consolidation, which established his standing in Wall Street as the only man who ever got the better of Jay Gould.

Thus did John Pierpont Morgan make his entry into the realm of finance, of which he was destined to become a supreme head. It was a debut characteristic of all future acts of the "Sphinx of Wall Street," heralded by no trumpet blast, guided by no counsel save his own, with judgment inscrutable, swift, sure. Thus he worked with all the persistence and concentration of a keen, highly trained mind until he reached the summit of a career of power unparalleled in the world of finance.

That control over men and money was

the keynote of Mr. Morgan's life. A dozen men in this country comparatively unknown to the public were wealthier than he. They were slaves of their fortunes. He commanded his wealth, and that of others as well. They without their money would have been nobodies; he was only incidentally a man of wealth. Had he lost it the stature of the man would have been in nowise reduced. His private fortune has been variously estimated at from \$30,000,000 to \$50,000,000. At the height of his power he controlled no less than \$50,000,000. He has been described as the most "pervasive" man in America, one whose dominating personality permeated nearly every phase of the nation's life. Commerce, art, literature, philanthropy, sport, society—all had come under his influence. Nor was this prestige confined to his native land. Kings and emperors and even the Pope at Rome were wont to call him in consultation. When he landed in England on one of his many visits so apprehensive was the financial world and of the effect which his sudden death might have on the market that certain brokers to protect themselves applied to Lloyd's for insurance on his life, paying premiums at the rate of £20 on the thousand for three months.

It was this power that made the Steel Corporation possible, that brought about the reorganization of the Erie, the Southern Railway and the Northern Pacific, that stayed national panics and brought men like John D. Rockefeller to place their wealth in his hands, to do with it as he saw fit.

UNLIKE MANY FINANCIERS HE WAS BORN TO WEALTH

Mr. Morgan, unlike many financiers, had behind him no traditions of the storied. His family was one of the oldest of Puritan New England. Nor did he begin life on the proverbial "32 a week job." His father left him \$20,000. Besides wealth, he inherited important banking connections. A German university equipped him for his work. Yet, with all that, in him were the qualities of the self-made man, and by his own efforts he traveled relatively as many rounds of the ladder as did many other financiers who began with nothing.

The Morgan line in this country was established with the landing of Miles Morgan, a Welshman, in New England, in 1635. This first Morgan became one of the pioneers of Springfield, Mass. Joseph Morgan, grandfather of J. P. Morgan, was a prosperous farmer and tavern keeper at Hartford, Conn., who fought through the Revolutionary War.

To his son, Junius Spencer, Joseph Morgan left, besides a splendid physique, a good property on what is now Asylum Hill, Hartford. Junius Spencer Morgan accumulated a fortune, first as a partner in the dry-goods business with Levi P. Morton and later as an associate of George Peabody. He married Juliet Pierpont, daughter of John Pierpont, the poet-preacher, and it was from this grandfather that their son, John Pierpont Morgan, derived some of his striking characteristics.

The sturdy old poet was a famous figure in New England history. His was the stirring verse:

Scatter the ground by your own, my brave!
Will ye give it up to slaves?

He was a reformer, spiritualist and abolitionist, and, strangely enough, in view of his grandson's career, a socialist and bitter opponent of the encroachments of wealth. He fought for his ideas with a fury and bitterness that finally drove him from the church. From this grandfather J. P. Morgan inherited his resolute combativeness, his high, full forehead and

FOREHEAD OF A THINKER AND JAWS OF A FIGHTER

Of J. P. Morgan the financier and his achievements all the world knows. Few have been more widely feared and yet more generally trusted. By the general public he was little liked and much abused. But with Morgan, the man, the intensely human lover of the good things of life, few were acquainted. Those who met him only in a business way saw a man rough, emphatic and repellent, inaccessible as a czar when he chose to be, known as the worst man in New York to meet in an interview, a man who believed absolutely in himself, and apparently never questioned the correctness of his method. His friends knew him as a simple, unaffected companion, an interesting conversationalist, with a keen wit and a genial humor.

Physically Mr. Morgan gave the impression of great power under perfect mental control. He had the thick neck and chest, heavy shoulders and square jaw of a fighter, and the high, full forehead of a scholar. His eyes were keen and dark. Under shaggy brows, and his nose was prominent. He wore a close cropped mustache. Despite his size, he was nervously active. His well known features lent themselves readily to the caricaturist, and he had a sense of humor that allowed him to enjoy really good specimens of that art. Mr. Morgan had his share of attacks by cranks. In 1906 a man was arrested for nailing an incendiary placard to the door of the offices at Broad and Wall street and scattering copies of the attack broadcast. That same year a woman who said she was Mrs. Ellen Barbara Williams, a friend of Lord Suffield, of England, entered the Morgan offices and, flourishing a revolver, said she would shoot the head of the firm on sight, declaring she had been robbed. Her intended victim, however, was in Europe at the time.

Enormous as was his income, it might small in comparison to what he might

have made it had that been his object. A woman once asked him why he kept accumulating money when he already had more than he needed. "I do not love money for its own sake," he replied, "but I do enjoy the excitement, the fun and the battle of making it." On another occasion he said: "I long ago made the sum of money which in my boyhood days I dreamed that I would like to have, but I had created an enterprise that demanded my time and attention to develop, and I have never since been able to get away from the treadmill, and now never expect to, unless equality or death claims me." At one time, when railroad speculation and competition were threatening the investments of the United States and the Old World as well, Mr. Morgan saw the danger and got control of the disturbing element, the West Shore Railroad Company. He ended the danger and saved the investments of thousands. (His services in this connection were worth millions in actual money. Mr. Morgan had made millions by less work many a time, but in this instance he refused to accept any fee.)

Mr. Morgan had the true fighter's admiration for an able foe. Just before sailing for Europe in February, 1909, he expressed his sorrow for Charles W. Morse, who was then in prison, and declared he still believed in him. "Mr. Morse got the better of me in business," he said, "and I have great respect for a man who can beat me in business."

But business was by no means the whole of J. P. Morgan's life. He was as intensive in his pleasures as in his work. His office hours were short, and at closing time he left all business cares behind him. He cared little for society in the generally accepted sense, however. His delight was a small party of congenial friends, and in this select group was seldom included a business associate. He was fond of a good dinner, good

calm eyes, his solid upper lip. Though, in truth, he essayed poetry as a boy, the artistic temperament of the maternal grandfather found vent in the financier in after years only in his passion for art collecting. He might have been a writer or a painter had not his father's genius for finance predominated.

The future financier was born on April 17, 1837, in a modest red brick cottage in Church street, Hartford, Conn. His boyhood, however, was spent in the more prestigious home on Farmington avenue built by Joseph Morgan and later owned by William K. Morgan.

The boy was a sturdy, independent youngster, with little to say and taking small part in the social side of his school life. In the West Middle District School, where he began his studies, his tendency to write poetry won him the title of "Pip," which followed him till the family moved to Boston, when he was fourteen, and he was sent to the English High School. He also showed a practical bent in his fondness for mathematics, though, on the whole, as a student there was nothing to indicate any unusual mental power.

An incident of these district school days betrays the financial instinct in embryo. One day the teacher gave young Morgan some money to buy erasers. The boy did not return until some time after he was expected, when he produced the erasers with some change. "Here, what's this for?" said the teacher. "I gave you just enough to buy the erasers at the price I have always paid."

"Oh," replied the young financier, "I have been going around town until I could find a place where I could buy them at wholesale."

For two years after graduating from the Boston High School young Morgan was a student at Göttingen, Germany. Then, at the age of twenty-one, he embarked on his career as a banker.



MR. MORGAN ARRIVING IN NAPLES.
The last picture taken of him. Professor Bastianelli, his physician at the right.

and big black cigars, but enjoyed all in moderation. Public dinners he sometimes attended, particularly those of the New England Society, where he was occasionally caught joining in the singing. He rarely made a speech. He was a member of many clubs, but too busy to frequent any of them.

It was at the exhibitions of the Metropolitan Museum of Art, of which Mr. Morgan was so long president, that he shone socially. There he was in his element, laughing with a deep, rich, muffled laugh, putting old friends on the back, now a word of German to a prominent member of the Liederkreis, now a phrase of excellent French to an artist from Paris, and a genial greeting to strangers, who would depart to relate proudly that they had shaken hands with J. P. Morgan.

He was an enthusiastic churchman. For years he was a vestryman in St. George's Protestant Episcopal Church, in Stuyvesant Square, and was an intimate friend and helper of its former rector, the Rev. Dr. Rainford. He took an especial interest in the boys of the church, and helped devote means to keep them off the street and teach them trades. Sometimes he attended the evening sessions of the church and talked to them. Two of his philanthropies were the establishment, at a cost of over \$50,000, of the New York Trade School, on the upper East Side, and the founding of a smaller trade school in connection with St. George's Church.

MORGAN INTENSELY PATRIOTIC AFLOAT AS WELL AS ON SHORE

Commodore Morgan was intensely patriotic afloat, as well as on shore. His two steam yachts, both named the Corsair, were American, built from designs by J. Beaver Webb. The first one—now the gunboat Gloucester—did such valiant work at the sea battle off Santiago in destroying the Spanish torpedo boats Pluton and Furor that her former owner often told how proud he was of her.

He loved the flag, and saw to it that it was properly carried and used on board every yacht he owned. When the Columbia won from the Shamrock I and II off Sandy Hook he ordered the Stars and Stripes hoisted on both masts of the Corsair as she steamed back to New York.

Commodore Morgan never missed taking part in the cruise of the New York Yacht Club in his steam yacht Corsair, in which he accompanied the yachts around the course in the King's Cup and Astor Cup races off Newport and elsewhere. The present Corsair was the flagship of the club when he was commodore and the fleet made the run from Vineyard Haven to Bar Harbor.

Dallas B. Pratt, the present commodore of the New York Yacht Club, spoke with feeling last night of the death of the former chief flag officer of that organization. "Commodore Morgan, who it will be remembered," said he, "was the honored commodore of the New York Yacht Club from 1887 to 1889 and who has always been a warm friend of the club, will be greatly missed in yachting circles."

It was he who presented the club with the land on which its house stands. He always generously contributed when we were called upon to defend the America's Cup, himself contributing the Columbia, one of the defenders. Commodore Morgan at the time of his death was chairman of the nominating committee, and his keen interest in all things connected with the club's welfare will be much missed."

C. Leyard Blair, who was commodore of the New York Yacht Club in 1911 and 1912, said last night: "Mr. Morgan's death is a great national calamity, and his loss will be keenly felt for many years to come. Few realize the importance of his very prompt and efficient action in stemming the tide in 1907 and how, by dint of his own personality and influence, he saved the country in 1893 from passing to a silver basis."

"As far as the New York Yacht Club is concerned, we could have sustained no greater loss. His interest in the affairs of the club was at all times constant and personal."

W. Nephew King, who for twenty-five years has been a member of the New York Yacht Club, paid this tribute to Commodore Morgan:

"No man took a greater interest in yachting. He helped at both ends. Whenever he gave financial aid to encourage the sport it was done in a modest way and none but a few of his intimate friends knew of it."

"The New York Yacht Club owes the magnificent home it now occupies, which has become the mecca of yachtsmen at home and abroad, to Mr. Morgan, who presented the ground upon which it is built some fifteen years ago. His death is certainly a national calamity and is a great loss to the club."

James W. Aiker, an officer of the Massachusetts Bay Yacht Club, who is also a member of the New York Yacht Club, said: "Mr. Morgan's death is a great loss to the club. He was a man of many talents, and his loss will be keenly felt for many years to come. Few realize the importance of his very prompt and efficient action in stemming the tide in 1907 and how, by dint of his own personality and influence, he saved the country in 1893 from passing to a silver basis."

Jefferson M. Levy, the Congressman, who is also a member of the New York Yacht Club, said: "Mr. Morgan was a patriot and a philanthropist of the finest kind. Without question he saved the country from a panic in 1907. He was a man of marvellous executive ability, and his loss is really a national calamity. He was one of my constituents, and although I believe he supported my opponent, Parsons, I have always had the highest regard for him."

"Mr. Morgan became a member of the New York Yacht Club in 1882, his number on the roll being 69. He was elected a life member of the club in 1897. The same year he became commodore. His flagship was then the first Corsair. In 1902, when Lord Dunsen sent his challenge for a race for the America's Cup, naming the cutter Valkyrie I as the challenger, Mr. Morgan, the Columbia, the Pilgrim and the Jubilee were built. It being the plan to choose a defender from these yachts to meet the Valkyrie."

Commodore Morgan served on the America's Cup committee in 1898 and 1901. Frank R. Lawrence, president of the Lotus Club and for eleven years a member of the New York Yacht Club, replied to a request for his views on the loss of Mr. Morgan to the community, said: "We all miss him now, but when the next real crisis comes in Wall Street, that is the time that Morgan will be missed."

Abroad the American banker was the recipient of many social honors. Emperor William of Germany was a guest on the Corsair at Kiel on several occasions, and the consideration shown Mr. Morgan by royalty was adversely commented upon by certain German newspapers. The financier in turn was entertained by the Kaiser on the Imperial yacht Hohenzollern. Mr. Morgan afterwards declined to discuss his interview with the German ruler further than to say: "I have seen the Kaiser, and I like him. He also met King Edward in a social way at a dinner given at the American Embassy. A sensation was produced in Rome in 1906, when the Pope granted an audience to the American financier. His holiness showed him special deference. As soon as he left his carriage to enter the bronze portals of the Vatican the Swiss guards were lined up and paid him the same honors usually rendered to royalty."

There has been a wide difference as to the positive merit of his work. Some have complained that he stifled competition, others that he watered his corporations so that they were slow in paying profits. Even when saving the country from financial disaster he had been accused of charging exorbitant rates for his services. These charges have been denied with equal vehemence in other quarters. Be that as it may, most of his achievements have been aimed at economy of money and management. He never missed a chance to strike a blow at competition. He once enunciated his principle thus: "Competition is criminal when it destroys the interest on investments. Save the interest and eliminate the other."

Mr. Morgan accomplished much during his lifetime toward eliminating competition. He created the Interstate Railway Association, which came to grief by its own inside treachery. He also devised the "gentlemen's agreement." His Joint Tariff Association was more successful. He brought the Pennsylvania Railroad and the New York Central to

friendly terms, reorganized the West Virginia, reorganized the Philadelphia and Reading and would have prevented the insolvency of the Baltimore & Ohio had it not been for the violation of one of the agreements made with him by outsiders. He also reorganized the Chesapeake & Ohio and the Northern Pacific and the Erie.

Mr. Morgan had a fine contempt for details of his business. One day, in the Federal Building, a lawyer cross-examined him about the purchase of \$15,000,000 of Northern Pacific stock in 1907.

While a big deal was on in the Morgan firm each partner and employee had one of the details to handle, but knew nothing of the general plan. It was after some weeks of apparently aimless wandering about his offices that the head of the firm called his partners together and told them that he had bought the New York & Northern Railroad and had sold it to the New York Central & Hudson River Railroad Company at a profit that would seem to almost any other firm in Wall Street satisfactory pay for a year's labor. Up to that moment not one of the partners had known of the transaction, but nearly every one of them had done something at Mr. Morgan's direction toward bringing it about.

The direct Morgan interests included eighteen railroad systems, one big steamship company, thirteen industrial combinations, seven banks, three telegraph and cable companies, several great insurance companies and innumerable smaller corporations. The total capital of these combinations was greater than the national debt of any country in the world; twice the debt of Great Britain. The aggregate net income of all the Morgan corporations was probably equal to the public revenues of any of the great governments of Europe. Besides his own private banking house here and its branches abroad, Mr. Morgan largely controlled the National Bank of Commerce in this city, of which he was a vice-president for a number of years, retiring in 1903.

It was in 1867 that young Morgan came to Germany, at the age of twenty, and began work as an employee of the private banking house of Duncan, Sherman & Co. Only three years later he was

appointed the American agent of George Peabody & Co., of London, of which firm his father had been a partner since 1854. After seven years of tutelage the young man struck out for himself, and in 1865 founded the firm of Dabney, Morgan & Co., which was financed by his father. The elder Morgan in that same year had succeeded Mr. Peabody as the head of his firm, which became J. S. Morgan & Co. In 1871 the younger Morgan formed a combination with the Drexels, of Philadelphia, and the firm became Drexel, Morgan & Co., a name it kept till 1885, when it assumed the present name of J. P. Morgan & Co. When the father died, in 1880, the Philadelphia house of Drexel & Co., the London house and the Paris branch of Morgan, Harjes & Co., with all their world-wide connection, fell under the sole control of J. P. Morgan.

With the death of the elder Morgan came a decided change in the Morgan policy. He had directed his banks from London. His methods were English. When the younger man came into power the centre of the Morgan interests moved to New York City. The Morgan banks always remained private institutions, a policy characteristic of their head, who could not endure the dictation incident to government control. Mr. Morgan first appeared conspicuously before the public in his victory over Jay Gould and "Jim" Fisk in the Albany & Susquehanna fight. That was the time when the troubles of the Erie Railroad were at their height. That line was in the clutches of Gould and Fisk, and the two were after the Albany & Susquehanna. It had been a long, hot and sensational struggle in market, court and legislature. The young banker from New York, who had been quietly studying the situation for years, at last saw an opening and swooped in. Before the litigants realized what had happened he had snatched the Albany & Susquehanna away from them, leased it to the Delaware & Hudson Canal Company and was out of reach again on the coast. The first stroke of the young financier was completed in February of 1868, barely six months before E. H. Harriman became a member of the Stock Exchange.

and Germany combined, with a united capital of \$3,000,000. The underlying principle of all these operations was set forth by the financier himself when he explained why he precipitated the panic of 1901 by his order to buy 15,000 shares of Northern Pacific stock. "I feel bound in all honor when I reorganize a property to protect it, and I generally do so," he said. "That makes clear why he placed the Southern Pacific, the Erie and many other roads in voting trusts. It accounts for his anxiety to save the Louisville & Nashville from the clutches of the Gates syndicate in 1902. It may even explain the taking of the Cincinnati, Hamilton & Dayton."

The United States Shipbuilding Company was another unfortunate incident, though opinion varied as to Mr. Morgan's connection with that disaster. A large part of the public believed that his company was directly concerned. Persons close to him, however, maintained that not a dollar of his money went into the company, nor did he or his associates do anything to get the public interested. It was declared that Daniel LeRoy Dresser did go to George W. Perkins, of the Morgan firm, and ask subscriptions, but that, too, was denied. It is pointed out, however, that J. P. Morgan & Co. deposited money in certain trust companies with a view to saving the company, and his friends Mr. Morgan also sold the Bethlehem Steel Company to the new combination.

One of his last moves in the railroad world, the organization in 1902 of the Northern Securities Company, proved a failure. This holding company, designed to unite the Northern Pacific and Great Northern railroads, was dissolved the next year by the United States government as an illegal combination in restraint of trade.

After several attempts to organize an international shipping combination, Mr. Morgan, in 1911, succeeded in forming the International Mercantile Marine Company. It is composed of the old American Line, the Red Star Line, the White Star Line, the Atlantic Transport Company, the Cunard Line and one or two smaller concerns. The combination includes more than a hundred transatlantic steamships and practically all of the big passenger ships entering New York, except the vessels of the Cunard Line, the French Line and the German and Holland-America ships.

The organization of the United States Steel Corporation marked the climax of Mr. Morgan's career. That was not only his biggest piece of work but was equally remarkable for the swiftness with which it was executed. From it he won both fame and repute. The idea was first conceived at a dinner given at the University Club by J. Edward Simmons, president of the Fourth National Bank. Charles M. Schwab spoke on the steel and iron industry. Mr. Morgan, though at that time dominant in the Federal Steel Company, had never before met Mr. Schwab. The latter's address, however, so impressed the banker that he at once conceived the idea of the future "billion dollar trust." Three months later, the bigger corporation in the world was organized, with Mr. Schwab as its president. Among the components of the new company were the Carnegie Company, with its \$50,000,000 in stocks and steel, owned in bonds, the Federal Steel Company, with a total authorized capital stock of \$30,000,000; the American Steel and Wire Company, capitalized at \$50,000,000, and the National Steel Company, with a capital of \$3,000,000. For the work of organizing this great company it was estimated that the promoters received a commission more than \$750,000 in cash value of the common and preferred stock of the new concern.

Then followed the collapse when dividends on the common stock were passed, and that security day after day sought new low levels. In 1904 the name of Morgan was cursed from one end of the world to the other. It was a proud day

for the promoter when the United States Steel Corporation declared dividends on its common stock in 1908. Once more he could boast that he had "stood by" his company.

It was in 1878 that Mr. Morgan first came to the rescue of the United States government. In that year his friend, joining with the Rothschilds and August Belmont, financed the refunding operation by which was floated a loan of \$20,000,000 of United States 4 per cent bonds, the

first of a series of similar operations which were to save the United States from financial disaster.

It was in 1867 that young Morgan came to Germany, at the age of twenty, and began work as an employee of the private banking house of Duncan, Sherman & Co. Only three years later he was

appointed the American agent of George Peabody & Co., of London, of which firm his father had been a partner since 1854. After seven years of tutelage the young man struck out for himself, and in 1865 founded the firm of Dabney, Morgan & Co., which was financed by his father. The elder Morgan in that same year had succeeded Mr. Peabody as the head of his firm, which became J. S. Morgan & Co. In 1871 the younger Morgan formed a combination with the Drexels, of Philadelphia, and the firm became Drexel, Morgan & Co., a name it kept till 1885, when it assumed the present name of J. P. Morgan & Co. When the father died, in 1880, the Philadelphia house of Drexel & Co., the London house and the Paris branch of Morgan, Harjes & Co., with all their world-wide connection, fell under the sole control of J. P. Morgan.

With the death of the elder Morgan came a decided change in the Morgan policy. He had directed his banks from London. His methods were English. When the younger man came into power the centre of the Morgan interests moved to New York City. The Morgan banks always remained private institutions, a policy characteristic of their head, who could not endure the dictation incident to government control. Mr. Morgan first appeared conspicuously before the public in his victory over Jay Gould and "Jim" Fisk in the Albany & Susquehanna fight. That was the time when the troubles of the Erie Railroad were at their height. That line was in the clutches of Gould and Fisk, and the two were after the Albany & Susquehanna. It had been a long, hot and sensational struggle in market, court and legislature. The young banker from New York, who had been quietly studying the situation for years, at last saw an opening and swooped in. Before the litigants realized what had happened he had snatched the Albany & Susquehanna away from them, leased it to the Delaware & Hudson Canal Company and was out of reach again on the coast. The first stroke of the young financier was completed in February of 1868, barely six months before E. H. Harriman became a member of the Stock Exchange.

and Germany combined, with a united capital of \$3,000,000. The underlying principle of all these operations was set forth by the financier himself when he explained why he precipitated the panic of 1901 by his order to buy 15,000 shares of Northern Pacific stock. "I feel bound in all honor when I reorganize a property to protect it, and I generally do so," he said. "That makes clear why he placed the Southern Pacific, the Erie and many other roads in voting trusts. It accounts for his anxiety to save the Louisville & Nashville from the clutches of the Gates syndicate in 1902. It may even explain the taking of the Cincinnati, Hamilton & Dayton."

The United States Shipbuilding Company was another unfortunate incident, though opinion varied as to Mr. Morgan's connection with that disaster. A large part of the public believed that his company was directly concerned. Persons close to him, however, maintained that not a dollar of his money went into the company, nor did he or his associates do anything to get the public interested. It was declared that Daniel LeRoy Dresser did go to George W. Perkins, of the Morgan firm, and ask subscriptions, but that, too, was denied. It is pointed out, however, that J. P. Morgan & Co. deposited money in certain trust companies with a view to saving the company, and his friends Mr. Morgan also sold the Bethlehem Steel Company to the new combination.

One of his last moves in the railroad world, the organization in 1902 of the Northern Securities Company, proved a failure. This holding company, designed to unite the Northern Pacific and Great Northern railroads, was dissolved the next year by the United States government as an illegal combination in restraint of trade.

After several attempts to organize an international shipping combination, Mr. Morgan, in 1911, succeeded in forming the International Mercantile Marine Company. It is composed of the old American Line, the Red Star Line, the White Star Line, the Atlantic Transport Company, the Cunard Line and one or two smaller concerns. The combination includes more than a hundred transatlantic steamships and practically all of the big passenger ships entering New York, except the vessels of the Cunard Line, the French Line and the German and Holland-America ships.

The organization of the United States Steel Corporation marked the climax of Mr. Morgan's career. That was not only his biggest piece of work but was equally remarkable for the swiftness with which it was executed. From it he won both fame and repute. The idea was first conceived at a dinner given at the University Club by J. Edward Simmons, president of the Fourth National Bank. Charles M. Schwab spoke on the steel and iron industry. Mr. Morgan, though at that time dominant in the Federal Steel Company, had never before met Mr. Schwab. The latter's address, however, so impressed the banker that he at once conceived the idea of the future "billion dollar trust." Three months later, the bigger corporation in the world was organized, with Mr. Schwab as its president. Among the components of the new company were the Carnegie Company, with its \$50,000,000 in stocks and steel, owned in bonds, the Federal Steel Company, with a total authorized capital stock of \$30,000,000; the American Steel and Wire Company, capitalized at \$50,000,000, and the National Steel Company, with a capital of \$3,000,000. For the work of organizing this great company it was estimated that the promoters received a commission more than \$750,000 in cash value of the common and preferred stock of the new concern.

Then followed the collapse when dividends on the common stock were passed, and that security day after day sought new low levels. In 1904 the name of Morgan was cursed from one end of the world to the other. It was a proud day

for the promoter when the United States Steel Corporation declared dividends on its common stock in 1908. Once more he could boast that he had "stood by" his company.

It was in 1878 that Mr. Morgan first came to the rescue of the United States government. In that year his friend, joining with the Rothschilds and August Belmont, financed the refunding operation by which was floated a loan of \$20,000,000 of United States 4 per cent bonds, the

first of a series of similar operations which were to save the United States from financial disaster.

It was in 1867 that young Morgan came to Germany, at the age of twenty, and began work as an employee of the private banking house of Duncan, Sherman & Co. Only three years later he was

appointed the American agent of George Peabody & Co., of London, of which firm his father had been a partner since 1854. After seven years of tutelage the young man struck out for himself, and in 1865 founded the firm of Dabney, Morgan & Co., which was financed by his father. The elder Morgan in that same year had succeeded Mr. Peabody as the head of his firm, which became J. S. Morgan & Co. In 1871 the younger Morgan formed a combination with the Drexels, of Philadelphia, and the firm became Drexel, Morgan & Co., a name it kept till 1885, when it assumed the present name of J. P. Morgan & Co. When the father died, in 1880, the Philadelphia house of Drexel & Co., the London house and the Paris branch of Morgan, Harjes & Co., with all their world-wide connection, fell under the sole control of J. P. Morgan.

With the death of the elder Morgan came a decided change in the Morgan policy. He had directed his banks from London. His methods were English. When the younger man came into power the centre of the Morgan interests moved to New York City. The Morgan banks always remained private institutions, a policy characteristic of their head, who could not endure the dictation incident to government control. Mr. Morgan first appeared conspicuously before the public in his victory over Jay Gould and "Jim" Fisk in the Albany & Susquehanna fight. That was the time when the troubles of the Erie Railroad were at their height. That line was in the clutches of Gould and Fisk, and the two were after the Albany & Susquehanna. It had been a long, hot and sensational struggle in market, court and legislature. The young banker from New York, who had been quietly studying the situation for years, at last saw an opening and swooped in. Before the litigants realized what had happened he had snatched the Albany & Susquehanna away from them, leased it to the Delaware & Hudson Canal Company and was out of reach again on the coast. The first stroke of the young financier was completed in February of 1868, barely six months before E. H. Harriman became a member of the Stock Exchange.

and Germany combined, with a united capital of \$3,000,000. The underlying principle of all these operations was set forth by the financier himself when he explained why he precipitated the panic of 1901 by his order to buy 15,000 shares of Northern Pacific stock. "I feel bound in all honor when I reorganize a property to protect it, and I generally do so," he said. "That makes clear why he placed the Southern Pacific, the Erie and many other roads in voting trusts. It accounts for his anxiety to save the Louisville & Nashville from the clutches of the Gates syndicate in 1902. It may even explain the taking of the Cincinnati, Hamilton & Dayton."

The United States Shipbuilding Company was another unfortunate incident, though opinion varied as to Mr. Morgan's connection with that disaster. A large part of the public believed that his company was directly concerned. Persons close to him, however, maintained that not a dollar of his money went into the company, nor did he or his associates do anything to get the public interested. It was declared that Daniel LeRoy Dresser did go to George W. Perkins, of the Morgan firm, and ask subscriptions, but that, too, was denied. It is pointed out, however, that J. P. Morgan & Co. deposited money in certain trust companies with a view to saving the company, and his friends Mr. Morgan also sold the Bethlehem Steel Company to the new combination.

One of his last moves in the railroad world, the organization in 1902 of the Northern Securities Company, proved a failure. This holding company, designed to unite the Northern Pacific and Great Northern railroads, was dissolved the next year by the United States government as an illegal combination in restraint of trade.

After several attempts to organize an international shipping combination, Mr. Morgan, in 1911, succeeded in forming the International Mercantile Marine Company. It is composed of the old American Line, the Red Star Line, the White Star Line, the Atlantic Transport Company, the Cunard Line and one or two smaller concerns. The combination includes more than a hundred transatlantic steamships and practically all of the big passenger ships entering New York, except the vessels of the Cunard Line, the French Line and the German and Holland-America ships.

The organization of the United States Steel Corporation marked the climax of Mr. Morgan's career. That was not only his biggest piece of work but was equally remarkable for the swiftness with which it was executed. From it he won both fame and repute. The idea was first conceived at a dinner given at the University Club by J. Edward Simmons, president of the Fourth National Bank. Charles M. Schwab spoke on the steel and iron industry. Mr. Morgan, though at that time dominant in the Federal Steel Company, had never before met Mr. Schwab. The latter's address, however, so impressed the banker that he at once conceived the idea of the future "billion dollar trust." Three months later, the bigger corporation in the world was organized, with Mr. Schwab as its president. Among the components of the new company were the Carnegie Company, with its \$50,000,000 in stocks and steel, owned in bonds, the Federal Steel Company, with a total authorized capital stock of \$30,000,000; the American Steel and Wire Company, capitalized at \$50,000,000, and the National Steel Company, with a capital of \$3,000,000. For the work of organizing this great company it was estimated that the promoters received a commission more than \$750,000 in cash value of the common and preferred stock of the new concern.

Then followed the collapse when dividends on the common stock were passed, and that security day after day sought new low levels